

**REPORT OF THE AUDIT OF THE  
CARROLL COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2007**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CARROLL COUNTY FISCAL COURT**

**June 30, 2007**

The Auditor of Public Accounts has completed the audit of the Carroll County Fiscal Court for fiscal year ended June 30, 2007. We have issued unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Kentucky.

#### **Financial Condition:**

The fiscal court had total net assets of \$13,802,934 as of June 30, 2007. In its governmental activities, the fiscal court had restricted net assets of \$74,105 and unrestricted net assets of \$7,339,837 as of June 30, 2007, with total net assets of \$13,696,789. In its business-type activities, total net cash and cash equivalents were \$106,145 with total net assets of \$106,145. The fiscal court had total debt principal as of June 30, 2007 of \$660,000 with \$85,000 due within the next year.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities.



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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable Harold Tomlinson, Carroll County Judge/Executive  
Members of the Carroll County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Kentucky, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Carroll County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Carroll County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Kentucky, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The county has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable Harold Tomlinson, Carroll County Judge/Executive  
Members of the Carroll County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2007 on our consideration of Carroll County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

October 29, 2007



CARROLL COUNTY OFFICIALS

For The Year Ended June 30, 2007

**Fiscal Court Members:**

Harold Tomlinson	County Judge/Executive
John Proctor	Magistrate
Dean Miller	Magistrate
Mark Bates	Magistrate

**Other Elected Officials:**

James Monk	County Attorney
Michael Humphrey	Jailer
Marketta Brock	County Clerk
Laman Stark	Circuit Court Clerk
Ben Smith	Sheriff
Rob Robertson	Property Valuation Administrator
James Dunn	Coroner

**Appointed Personnel:**

Debra Cayton	County Treasurer
Traci Courtney	Occupational Tax Collector
Nicki Beckham	Finance Officer

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**CARROLL COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2007**



**CARROLL COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2007**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 6,413,942	\$ 106,145	\$ 6,520,087
Loan Receivable	1,000,000		1,000,000
Total Current Assets	7,413,942	106,145	7,520,087
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Land and Land Improvements	432,533		432,533
Buildings	3,860,007		3,860,007
Equipment	501,517		501,517
Vehicles	326,306		326,306
Infrastructure Assets - Net of Depreciation	1,822,484		1,822,484
Total Noncurrent Assets	6,942,847		6,942,847
Total Assets	14,356,789	106,145	14,462,934
<b>LIABILITIES</b>			
Current Liabilities:			
Revenue Bonds Payable	85,000		85,000
Total Current Liabilities	85,000		85,000
Noncurrent Liabilities:			
Revenue Bonds Payable	575,000		575,000
Total Noncurrent Liabilities	575,000		575,000
Total Liabilities	660,000		660,000
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	6,282,847		6,282,847
Restricted For:			
Debt Service	74,105		74,105
Unrestricted	7,339,837	106,145	7,445,982
Total Net Assets	\$ 13,696,789	\$ 106,145	\$ 13,802,934

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2007**

**CARROLL COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2007**

		Program Revenues Received		
Functions/Programs Reporting Entity	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,407,031	\$	\$ 118,094	\$ 337,613
Protection to Persons and Property	2,729,180	1,886,610	162,002	233,777
General Health and Sanitation	426,038	705		
Social Services	75,146			
Recreation and Culture	397,451	58,019		
Roads	845,866		277,343	401,845
Airports	6,000			
Debt Service	27,470			
Capital Projects	100,000			
Total Governmental Activities	6,014,182	1,945,334	557,439	973,235
Business-type Activities:				
Jail Canteen	43,688	62,982		
Total Business-Type Activities	43,688	62,982		
Total Primary Government	\$ 6,057,870	\$ 2,008,316	\$ 557,439	\$ 973,235

**General Revenues:**

Taxes:  
    Real Property Taxes  
    Personal Property Taxes  
    Motor Vehicle Taxes  
    Occupational Taxes  
    Other Taxes  
Excess Fees  
Telephone 911 Fee  
Miscellaneous Revenues  
Accrued Interest Received  
  
Total General Revenues  
Change in Net Assets  
Net Assets - Beginning  
  
Net Assets - Ending

The accompanying notes are an integral part of the financial statements.



**CARROLL COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2007**  
**(Continued)**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (951,324)	\$	\$ (951,324)
(446,791)		(446,791)
(425,333)		(425,333)
(75,146)		(75,146)
(339,432)		(339,432)
(166,678)		(166,678)
(6,000)		(6,000)
(27,470)		(27,470)
(100,000)		(100,000)
(2,538,174)		(2,538,174)
	19,294	19,294
	19,294	19,294
(2,538,174)	19,294	(2,518,880)
226,318		226,318
301,426		301,426
99,186		99,186
2,803,829		2,803,829
39,241		39,241
34,788		34,788
64,992		64,992
237,968		237,968
203,073		203,073
4,010,821		4,010,821
1,472,647	19,294	1,491,941
12,224,142	86,851	12,310,993
\$ 13,696,789	\$ 106,145	\$ 13,802,934

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2007**

**CARROLL COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2007**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Public Properties Corporation Fund</b>	<b>LGEA Fund</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,392,633	\$ 351,906	\$ 1,125,129	\$ 74,105	\$ 1,042,519
Loan Receivable	1,000,000				
Total Assets	<u>4,392,633</u>	<u>351,906</u>	<u>1,125,129</u>	<u>74,105</u>	<u>1,042,519</u>
<b>FUND BALANCES</b>					
Unreserved:					
General Fund	4,392,633				
Special Revenue Funds		351,906	1,125,129		1,042,519
Debt Service Fund				74,105	
Total Fund Balances	<u>\$ 4,392,633</u>	<u>\$ 351,906</u>	<u>\$ 1,125,129</u>	<u>\$ 74,105</u>	<u>\$ 1,042,519</u>

The accompanying notes are an integral part of the financial statements.

**CARROLL COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**June 30, 2007**  
**(Continued)**

<b>Ambulance Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$ 286,101	\$ 141,549	\$ 6,413,942
		1,000,000
<u>286,101</u>	<u>141,549</u>	<u>7,413,942</u>
		4,392,633
286,101	141,549	2,947,204
		74,105
<u>\$ 286,101</u>	<u>\$ 141,549</u>	<u>\$ 7,413,942</u>

**Reconciliation Of The Balance Sheet - Governmental Funds To The  
Statement Of Net Assets**

Total Fund Balances	\$ 7,413,942
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	11,354,417
Accumulated Depreciation	(4,411,570)
Long-term Debt Is Not Due and Payable in the Current Period and, Therefore, Is Not Reported in the Funds.	
Revenue Bonds Payable - Principal	<u>(660,000)</u>
Net Assets Of Governmental Activities	<u>\$ 13,696,789</u>

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2007**

**CARROLL COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2007**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Public Properties Corporation Fund</b>
<b>REVENUES</b>				
Taxes	\$ 3,470,000	\$	\$	\$
Excess Fees	34,788			
Intergovernmental	268,524	634,783	1,173,192	127,614
Charges for Services	705		290,184	
Miscellaneous	184,910	26,994	58,966	
Interest	136,151	14,205	46,164	351
Total Revenues	<u>4,095,078</u>	<u>675,982</u>	<u>1,568,506</u>	<u>127,965</u>
<b>EXPENDITURES</b>				
General Government	598,300			
Protection to Persons and Property	389,231		1,026,076	
General Health and Sanitation	107,581			
Social Services	70,146			
Recreation and Culture	129,807			
Roads		942,707		
Bus Services	6,000			
Debt Service				107,470
Capital Projects				
Administration	962,889	142,297	379,802	
Total Expenditures	<u>2,263,954</u>	<u>1,085,004</u>	<u>1,405,878</u>	<u>107,470</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,831,124</u>	<u>(409,022)</u>	<u>162,628</u>	<u>20,495</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	1,000	101,798	2,337	
Transfers To Other Funds	(1,532,775)		(629)	
Total Other Financing Sources (Uses)	<u>(1,531,775)</u>	<u>101,798</u>	<u>1,708</u>	
Net Change in Fund Balances	299,349	(307,224)	164,336	20,495
Fund Balances - Beginning	4,093,284	659,130	960,793	53,610
Fund Balances - Ending	<u>\$ 4,392,633</u>	<u>\$ 351,906</u>	<u>\$ 1,125,129</u>	<u>\$ 74,105</u>

The accompanying notes are an integral part of the financial statements.



**CARROLL COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2007**  
**(Continued)**

<b>LGEA Fund</b>	<b>Ambulance Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$	\$	\$ 64,992	\$ 3,534,992
			34,788
44,405		335,918	2,584,436
	496,656	58,019	845,564
	5,308	7,798	283,976
2,842	1,561	1,799	203,073
47,247	503,525	468,526	7,486,829
			598,300
13,852	480,761	134,735	2,044,655
		316,703	424,284
			70,146
71,616		179,613	381,036
			942,707
			6,000
			107,470
100,000			100,000
7,150	225,812	44,113	1,762,063
192,618	706,573	675,164	6,436,661
(145,371)	(203,048)	(206,638)	1,050,168
1,103,881	139,253	186,313	1,534,582
		(1,178)	(1,534,582)
1,103,881	139,253	185,135	
958,510	(63,795)	(21,503)	1,050,168
84,009	349,896	163,052	6,363,774
\$ 1,042,519	\$ 286,101	\$ 141,549	\$ 7,413,942

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2007**



**CARROLL COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2007**

**Reconciliation Of The Statement Of Revenues, Expenditures, and Changes  
In Fund Balances - Governmental Funds To The Statement Of Activities**

Net Change in Fund Balances - Total Governmental Funds	\$ 1,050,168
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:	
Assets Disposed Of - Net Book Value	(9,243)
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities the Cost of those Assets Is Allocated over Their Estimated Useful Lives and Reported as Depreciation Expense.	
Capital Outlay	856,051
Depreciation Expense	(504,329)
Bond Principal Payments Are Expensed in the Governmental Funds as a Use of Current Financial Resources. However, these Amounts Decrease Non-current Liabilities on the Statement of Net Assets and Have Been Eliminated on the Statement of Activities.	
Revenue Bond Principal Payments	<u>80,000</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 1,472,647</u></u>

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2007**





**CARROLL COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2007**

	<b>Business-Type Activities</b> <hr/> <b>Enterprise Fund</b> <hr/>	<b>Jail Canteen Fund</b> <hr/>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 106,145	
Total Assets	<hr/> 106,145 <hr/>	
<b>Net Assets</b>		
Unrestricted	106,145	
Total Net Assets	<hr/> \$ 106,145 <hr/>	

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2007**



**CARROLL COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2007**

	<b>Business-Type Activities</b>
	<b>Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Operating Revenues</b>	
Canteen Receipts	\$ 62,982
Total Operating Revenues	62,982
<b>Operating Expenses</b>	
Educational and Recreational	43,688
Total Operating Expenses	43,688
Operating Income (Loss)	19,294
Change In Net Assets	19,294
Total Net Assets - Beginning	86,851
Total Net Assets - Ending	\$ 106,145

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2007**





**CARROLL COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2007**

	<b>Business-Type Activities</b>
	<b>Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Cash Flows From Operating Activities</b>	
Receipts From Customers	\$ 62,982
Payments to Suppliers	(43,688)
Net Cash Provided By Operating Activities	<u>19,294</u>
Net Increase in Cash and Cash Equivalents	19,294
Cash and Cash Equivalents - July 1, 2006	<u>86,851</u>
Cash and Cash Equivalents - June 30, 2007	<u><u>\$ 106,145</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	<b>Jail Canteen Fund</b>
Operating Income	<u>\$ 19,294</u>
Net Cash Provided By Operating Activities	<u><u>\$ 19,294</u></u>

The accompanying notes are an integral part of the financial statements.

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**CARROLL COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUND – MODIFIED CASH BASIS**

**June 30, 2007**



**CARROLL COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND - MODIFIED CASH BASIS**

**June 30, 2007**

	<u><b>Agency Fund</b></u>
	<u><b>Jail Inmate Account</b></u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	<u>\$      47,268</u>
Total Assets	<u><u>47,268</u></u>
<b>Liabilities</b>	
Amounts Held In Custody For Others	<u>47,268</u>
Total Liabilities	<u><u>\$      47,268</u></u>

The accompanying notes are an integral part of the financial statements.

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TO THE FINANCIAL STATEMENTS**

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**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Carroll County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. The County has no discretely presented component units.

Blended Component Unit

The following legally separate organization provides its services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

Carroll County Public Properties Corporation

The Carroll County Public Properties Corporation was established for the purpose of providing long-term financing for approved projects. The Carroll County Fiscal Court is financially accountable for the component unit as part of the reporting entity and its financial activity is blended with that of the Fiscal Court.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Carroll County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Carroll County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Carroll County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, normally are supported by taxes and intergovernmental revenues.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.



**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

**Governmental Funds**

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Governor's Office for Local Development requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Local Government Economic Assistance Fund – The primary purpose of this fund is to account for the general health and sanitation, social services, and economic assistance expenses of the county. The primary sources of revenue are state grants and recreational user fees. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Ambulance Fund – This fund is used to account for the county emergency medical services activities. Revenues are received from patients and transfers from the General Fund.

Public Properties Corporation Fund - The purpose of this fund is to account for debt service requirements of revenue bonds of the fiscal court. The Governor's Office for Local Development does not require the fiscal court to report or budget these funds.

The primary government also has the following non-major funds: State Grants Fund, Federal Grants Fund, Solid Waste Fund, Parks and Recreation Fund, 911 Fund, and 911 Wireless Fund.

**Special Revenue Funds:**

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, State Grants Fund, Federal Grants Fund, Ambulance Fund, Solid Waste Fund, Park and Recreation Fund, 911 Fund, and 911 Wireless Fund are special revenue funds. These funds are used to account for the proceeds of specific revenues and expenditures that are legally restricted for specific purposes.

**CARROLL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

**Debt Service Fund:**

The Public Properties Corporation Fund is a debt service fund and is used to account for the accumulation of resources for and payment of general long-term debt principal and interest.

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless the Government Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

**Fiduciary Funds**

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund is used to account for monies held by the county in the Jail Inmate Account for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following fiduciary fund:

Jail Inmate Account - This fund accounts for funds received from prisoners upon arrival at the Detention Center and remitted to the prisoners upon release.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	3-25
Infrastructure	\$ 20,000	10-25

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes, and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers from are budgeted in the General Fund to comply with these requirements. The State Local Finance Officer does not require this fund to be budgeted.

The State Local Finance Officer does not require the Jail Canteen Fund or the Jail Inmate Account to be budgeted because the fiscal court does not approve the expenditures made from these funds.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**  
**(Continued)**

**Note 2. Deposits**

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy with regard to custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2007, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2007 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 232,533	\$ 200,000	\$	\$ 432,533
Total Capital Assets Not Being Depreciated	232,533	200,000		432,533
Capital Assets, Being Depreciated:				
Buildings	5,481,478	11,897		5,493,375
Equipment	703,491	46,944		750,435
Vehicles	851,164	55,032	(46,213)	859,983
Infrastructure	3,275,913	542,178		3,818,091
Total Capital Assets Being Depreciated	10,312,046	656,051	(46,213)	10,921,884
Less Accumulated Depreciation For:				
Buildings	(1,520,044)	(113,324)		(1,633,368)
Equipment	(200,931)	(47,987)		(248,918)
Vehicles	(514,657)	(55,990)	36,970	(533,677)
Infrastructure	(1,708,579)	(287,028)		(1,995,607)
Total Accumulated Depreciation	(3,944,211)	(504,329)	36,970	(4,411,570)
Total Capital Assets, Being Depreciated, Net	6,367,835	151,722	(9,243)	6,510,314
Governmental Activities Capital Assets, Net	\$ 6,600,368	\$ 351,722	\$ (9,243)	\$ 6,942,847

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**  
**(Continued)**

**Note 3. Capital Assets (Continued)**

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 11,909
Protection to Persons and Property	144,711
General Health and Sanitation	1,754
Social Services	5,000
Recreation and Culture	16,415
Roads, Including Depreciation of General Infrastructure Assets	<u>324,540</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 504,329</u>

**Note 4. Long-term Debt**

On September 17, 2002, the Carroll County Public Properties Corporation issued \$1,040,000 First Mortgage Revenue Bonds, Series 2002. The bonds were issued for the purpose of refunding the Carroll County Public Properties Corporation First Mortgage Revenue Bonds (Justice Center Project), Series 1993, the proceeds of which were used to finance the construction of the Carroll County Justice Center. Interest is payable semi-annually on March 1 and September 1 of each year with a variable interest rate ranging from 1.45% to 3.90%. Principal payments are due on March 1 each year in the amounts stated below. The total principal balance outstanding as of June 30, 2007 was \$660,000.

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2008	\$ 85,000	\$ 23,250
2009	85,000	20,700
2010	90,000	17,980
2011	95,000	14,920
2012	100,000	11,595
2013-2014	<u>205,000</u>	<u>11,990</u>
Totals	<u>\$ 660,000</u>	<u>\$ 100,435</u>

**Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
Revenue Bonds	<u>\$ 740,000</u>	<u>\$</u>	<u>\$ 80,000</u>	<u>\$ 660,000</u>	<u>\$ 80,000</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 740,000</u>	<u></u>	<u>\$ 80,000</u>	<u>\$ 660,000</u>	<u>\$ 80,000</u>

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**  
**(Continued)**

**Note 5. Interest On Long-Term Debt and Financing Obligations**

Debt Service on the Statement of Activities includes \$25,450 in interest on bonds.

**Note 6. Employee Retirement System**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.19 percent. The contribution requirements and the amounts contributed to CERS were \$250,655, \$207,382, and \$153,351, respectively, for the years ended June 30, 2007, 2006, and 2005.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**Note 7. Deferred Compensation**

On February 24, 2000, the Carroll County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 8. Insurance**

For the fiscal year ended June 30, 2007, Carroll County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**  
**(Continued)**

**Note 9.    Loan Receivable**

On June 6, 2007, Carroll County Fiscal Court approved an interest free loan to Carroll County Memorial Hospital for \$1,000,000. On June 26, 2007, the Chairman for Carroll County Memorial Hospital signed a promissory note stating the total amount of the loan is due on August 31, 2007. On October 23, 2007, Carroll County Fiscal Court extended the loan to December 31, 2007.



**CARROLL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2007**



**CARROLL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2007**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,482,571	\$ 2,482,571	\$ 3,470,000	\$ 987,429
Excess Fees	4,118	4,118	34,788	30,670
Intergovernmental	68,686	68,686	268,524	199,838
Charges for Services	1,500	1,500	705	(795)
Miscellaneous	120,500	1,369,484	184,910	(1,184,574)
Interest	56,000	56,000	136,151	80,151
Total Revenues	2,733,375	3,982,359	4,095,078	112,719
<b>EXPENDITURES</b>				
General Government	712,003	747,183	598,300	148,883
Protection to Persons and Property	400,925	459,917	389,231	70,686
General Health and Sanitation	305,079	306,439	107,581	198,858
Social Services	83,018	83,504	70,146	13,358
Recreation and Culture	132,346	142,307	129,807	12,500
Transportation Facilities and Services	6,000	6,000	6,000	
Administration	1,342,557	2,684,234	962,889	1,721,345
Total Expenditures	2,981,928	4,429,584	2,263,954	2,165,630
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(248,553)	(447,225)	1,831,124	2,278,349
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds			1,000	1,000
Transfers To Other Funds	(1,530,447)	(1,530,447)	(1,532,775)	(2,328)
Total Other Financing Sources (Uses)	(1,530,447)	(1,530,447)	(1,531,775)	(1,328)
Net Changes in Fund Balance	(1,779,000)	(1,977,672)	299,349	2,277,021
Fund Balance - Beginning	1,779,000	1,779,000	4,093,284	2,314,284
Fund Balance - Ending	\$	\$ (198,672)	\$ 4,392,633	\$ 4,591,305

**CARROLL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2007**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 641,300	\$ 641,300	\$ 634,783	\$ (6,517)
Miscellaneous	1,500	4,816	26,994	22,178
Interest	5,700	5,700	14,205	8,505
Total Revenues	648,500	651,816	675,982	24,166
<b>EXPENDITURES</b>				
Roads	1,122,438	1,121,290	942,707	178,583
Administration	375,054	379,518	142,297	237,221
Total Expenditures	1,497,492	1,500,808	1,085,004	415,804
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(848,992)	(848,992)	(409,022)	439,970
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	100,000	100,000	101,798	1,798
Total Other Financing Sources (Uses)	100,000	100,000	101,798	1,798
Net Changes in Fund Balance	(748,992)	(748,992)	(307,224)	441,768
Fund Balance - Beginning	748,992	748,992	659,130	(89,862)
Fund Balance - Ending	\$	\$	\$ 351,906	\$ 351,906

**CARROLL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2007**  
**(Continued)**

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,196,038	\$ 1,196,038	\$ 1,173,192	\$ (22,846)
Charges for Services	202,478	202,478	290,184	87,706
Miscellaneous	71,793	71,793	58,966	(12,827)
Interest	14,824	14,824	46,164	31,340
Total Revenues	1,485,133	1,485,133	1,568,506	83,373
EXPENDITURES				
Protection to Persons and Property	1,097,902	1,153,506	1,026,076	127,430
Amdinistration	1,387,231	1,331,627	379,802	951,825
Total Expenditures	2,485,133	2,485,133	1,405,878	1,079,255
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(1,000,000)	(1,000,000)	162,628	1,162,628
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds			2,337	2,337
Transfers To Other Funds			(629)	(629)
Total Other Financing Sources (Uses)			1,708	1,708
Net Changes in Fund Balance	(1,000,000)	(1,000,000)	164,336	1,164,336
Fund Balance - Beginning	1,000,000	1,000,000	960,793	(39,207)
Fund Balance - Ending	\$	\$	\$ 1,125,129	\$ 1,125,129

**CARROLL COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2007**  
**(Continued)**

	<b>LGEA FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental	\$ 52,000	\$ 52,000	\$ 44,405	\$ (7,595)
Interest	300	300	2,842	2,542
Total Revenues	52,300	52,300	47,247	(5,053)
<b>EXPENDITURES</b>				
Protection to Persons and Property	13,853	13,853	13,852	1
Recreation and Culture	134,900	134,900	71,616	63,284
Capital Projects	1,100,000	900,000	100,000	800,000
Administration	7,428	7,428	7,150	278
Total Expenditures	1,256,181	1,056,181	192,618	863,563
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(1,203,881)	(1,003,881)	(145,371)	858,510
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	1,103,881	1,103,881	1,103,881	
Total Other Financing Sources (Uses)	1,103,881	1,103,881	1,103,881	
Net Changes in Fund Balances	(100,000)	100,000	958,510	858,510
Fund Balances - Beginning	100,000	100,000	84,009	(15,991)
Fund Balances - Ending	\$	\$ 200,000	\$ 1,042,519	\$ 842,519

**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2007**  
**(Continued)**

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 450,000	\$ 450,000	\$ 496,656	\$ 46,656
Miscellaneous	2,000	2,000	5,308	3,308
Interest	400	400	1,561	1,161
Total Revenues	452,400	452,400	503,525	51,125
EXPENDITURES				
Protection to Persons and Property	728,155	724,391	480,761	243,630
Administration	263,498	267,262	225,812	41,450
Total Expenditures	991,653	991,653	706,573	285,080
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(539,253)	(539,253)	(203,048)	336,205
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	139,253	139,253	139,253	
Total Other Financing Sources (Uses)	139,253	139,253	139,253	
Net Changes in Fund Balances	(400,000)	(400,000)	(63,795)	336,205
Fund Balances - Beginning	400,000	400,000	349,896	(50,104)
Fund Balances - Ending	\$ 0	\$ 0	\$ 286,101	\$ 286,101

**CARROLL COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2007**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.



**CARROLL COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2007**



**CARROLL COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2007**

	<b>Solid Waste Fund</b>	<b>Parks and Recreation Fund</b>	<b>911 Fund</b>	<b>911 Wireless Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 25,408	\$ 384	\$ 30,216	\$ 85,541	\$ 141,549
Total Assets	<u>25,408</u>	<u>384</u>	<u>30,216</u>	<u>85,541</u>	<u>141,549</u>
<b>FUND BALANCES</b>					
Unreserved:					
Special Revenue Funds	<u>25,408</u>	<u>384</u>	<u>30,216</u>	<u>85,541</u>	<u>141,549</u>
Total Fund Balances	<u>\$ 25,408</u>	<u>\$ 384</u>	<u>\$ 30,216</u>	<u>\$ 85,541</u>	<u>\$ 141,549</u>

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**CARROLL COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2007**

**CARROLL COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2007**

	<b>State Grants Fund</b>	<b>Federal Grants Fund</b>	<b>Solid Waste Fund</b>
<b>REVENUES</b>			
Taxes	\$	\$	\$
Intergovernmental	230,731	10,000	14,634
Charges For Services			
Miscellaneous			1,052
Interest			226
Total Revenues	<u>230,731</u>	<u>10,000</u>	<u>15,912</u>
<b>EXPENDITURES</b>			
Protection to Persons and Property	31,399		
General Health and Sanitation	231,181	10,000	75,522
Recreation and Culture			
Administration			20,802
Total Expenditures	<u>262,580</u>	<u>10,000</u>	<u>96,324</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(31,849)</u>		<u>(80,412)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers From Other Funds	(3,092)		72,255
Transfers To Other Funds	2,328		
Total Other Financing Sources (Uses)	<u>(764)</u>		<u>72,255</u>
Net Change in Fund Balances	(32,613)		(8,157)
Fund Balances - Beginning	32,613		33,565
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 25,408</u>

**CARROLL COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2007**  
**(Continued)**

<b>Parks and Recreation Fund</b>	<b>911 Fund</b>	<b>911 Wireless Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$	\$ 64,992	\$	\$ 64,992
		80,553	335,918
58,019			58,019
6,746			7,798
114	686	773	1,799
<u>64,879</u>	<u>65,678</u>	<u>81,326</u>	<u>468,526</u>
	63,659	39,677	134,735
			316,703
179,613			179,613
23,311			44,113
<u>202,924</u>	<u>63,659</u>	<u>39,677</u>	<u>675,164</u>
(138,045)	2,019	41,649	(206,638)
117,150			186,313
	(3,506)		(1,178)
<u>117,150</u>	<u>(3,506)</u>		<u>185,135</u>
(20,895)	(1,487)	41,649	(21,503)
21,279	31,703	43,892	163,052
<u>\$ 384</u>	<u>\$ 30,216</u>	<u>\$ 85,541</u>	<u>\$ 141,549</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Harold Tomlinson, Carroll County Judge/Executive  
Members of the Carroll County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Kentucky, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 29, 2007. Carroll County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Carroll County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carroll County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

October 29, 2007

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**CARROLL COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2007**

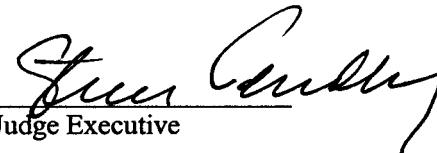
Appendix A

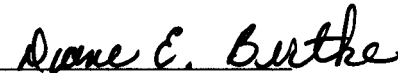
CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

Fiscal Year Ended June 30, 2006

The Campbell County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Fund was expended for the purpose intended, as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Judge Executive

  
\_\_\_\_\_  
County Treasurer

